

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

March 4, 2004

IN RE:

PETITION OF RBS GAS UTILITY, INC.
FOR APPROVAL OF SPECIAL CONTRACT

)
)
)
)

DOCKET NO.
03-00427

ORDER APPROVING SPECIAL CONTRACT

This matter came before Chairman Deborah Taylor Tate, Director Sara Kyle and Director Ron Jones of the Tennessee Regulatory Authority (the "TRA" or "Authority"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on September 8, 2003, upon a petition filed by RBS Gas Utility, Inc. ("RBS") for approval of a contract (the "*Contract*") to supply natural gas to a facility located in Red Boiling Springs, Tennessee and operated by Nestle Waters North America ("Nestle").

RBS's Petition and Contract

The *Petition of RBS Gas Utility, Inc. for Approval of Special Contract* ("Petition"), filed on July 2, 2003, requests Authority approval of the *Contract* pursuant to Tenn. Comp. R. & Regs. 1220-4-1-.07.¹ The *Contract* provides separately for the transport and sale of natural gas from RBS to Nestle. The *Contract* contains provisions for RBS to provide

¹ Tenn Comp R & Regs 1220-4-1- 07 states

Special contracts between public utilities and certain customers prescribing and providing rates, services and practices not covered by or permitted in the general tariffs, schedules or rules filed by such utilities are subject to supervision, regulation and control by the Authority. A copy of such special agreements shall be filed, subject to review and approval

transport and metering services to Nestle in the event that Nestle elects to purchase gas from a supplier other than RBS. The price for these services pursuant to the *Contract* is fifty cents (\$0.50) per dekatherm. The *Contract* also contains separate provisions for the sale of gas from RBS to Nestle whereby, according to the *Petition*, natural gas purchased by Nestle from RBS will be subject to a fluctuating gas rate based on market conditions.²

Findings and Conclusions


RBS does not currently have a transportation tariff on file with the Authority. This circumstance necessitates the filing of the *Contract* for Authority review and approval under Tenn. Comp. R. & Regs. 1220-4-1-.07. The panel finds that the *Contract* is appropriate and in the public interest because the transport of natural gas thereunder will allow Nestle to locate a new facility operating in the Red Boiling Springs area, thereby encouraging economic growth in that area. The panel finds that the prices for gas transportation services set forth in the Transport Rate (Schedule “A” to the *Contract*) and for the sale and purchase of natural gas as set forth in the Gas Sales Rate (Schedule “B” to the *Contract*) negotiated by RBS and Nestle are fair and equitable.

During the September 8, 2003 Authority Conference, upon careful consideration of the *Petition* and of the entire record in this matter and the special circumstances described therein, the panel voted unanimously to approve the *Petition*, with the conditions that, as soon as is practicable, RBS file a transportation tariff and that RBS seek Authority approval prior to any modification or extension of the *Contract*.

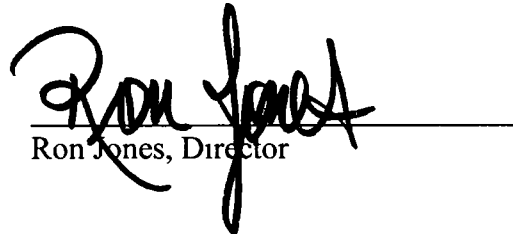
² Schedule B of the *Contract* describes the price for gas purchased from RBS as the commodity price listed on the NYMEX exchange plus pipeline fees, taxes, surcharges, or any other additional fees, plus eighty-five cents (\$0.85) per dekatherm. If Nestle fails to take the full amount of gas contracted for, it will pay RBS the product of the amount not taken (that is, the amount contracted for minus the amount actually taken) multiplied by .25 plus any pipeline charges incurred by RBS.

IT IS THEREFORE ORDERED THAT:

1. The *Petition of RBS Gas Utility, Inc. for Approval of Special Contract* and the *Contract* attached thereto are approved.
2. RBS shall file a transportation tariff as soon as is practicable and shall seek Authority approval prior to any modification or extension of the *Contract*.


Deborah Taylor Tate, Chairman


Sara Kyle, Director


Ron Jones, Director